

February 19th 2015
Board of Selectmen Response to Advisory Budget Committee
2015 Town Budget Report

The Moultonborough Board of Selectmen gratefully acknowledges receipt of the ABC's review of the 2015 Town budget. We are appreciative of the dedicated work and collaboration they have demonstrated in their encounters with the Board of Selectmen and the various town departments. When the Board of Selectmen held a strategic planning retreat this past summer, very high on our list of priorities was protecting our low tax rate.

The term "one town, one tax rate" was coined by the ABC a few years back, and along with the Schools, Library and County, we must do our part by balancing necessary services with the wants and needs of the community, all the while continuing to maintain our tax advantage. It is not an easy task, and we consider the work of the ABC to be a vital part of this effort. Much has happened over the past year, and we wanted to briefly comment on this year's report so that the public can have some additional insight into how we plan to address some of the issues the ABC has raised and what we plan to accomplish in the coming year.

2015 Budget

Total appropriations are down about \$331,000 from 2014, and the net amount proposed to be raised by taxes in 2015 is \$10,211 less than 2014. In 2014 we spent \$275,000 for the purchase of the Adele Taylor property, \$40,000 to amend the Stewarts Ambulance contract for 24/7 paramedic coverage, \$62,000 to equip our rescue vehicle for paramedic use (non-Stewarts) and \$17,500 for the Blue Ribbon Commission site study. The total of those items is \$394,500. In 2014 we applied \$300,000 from the fund balance to offset spending (\$275,000 for the Taylor property, \$25,000 for States Landing improvements) and a total of \$540,000 to reduce the tax rate for a grand total of \$840,000. In 2015, the proposed offsets are a total of \$435,000 or \$405,000 less than 2014 (\$50,000 to purchase a police cruiser and \$385,000 to offset the tax rate). We are in agreement with the ABC that the overall budget has remained fairly flat over the past 7 years. There are however, some significant unknowns ahead such as the impact of the Affordable Care Act, the outcome of the County audit and possible increases in health insurance premiums.

Technology

In general agreement with the ABC, the Selectmen have discussed both the idea of a standardized workstation across all departments as well putting our technology needs out to bid and we see that occurring in the near future. We have also discussed the pros and cons of an in house technology expert, but rejected it as the cost would be prohibitive and it would be challenging to find one individual to meet all the areas of technical expertise the role would require, in addition to 24/7 availability. There are also numerous vital systems in the Fire and Police departments that require special expertise. We believe that the Town departments are best served by continuing to contract out this service. Lastly, the 2008 Master Plan update recommended a town technology committee and the Selectmen at that time decided not to pursue it. One of the recommendations to the recently completed work of the Broadband Committee was to formulate some recommendations on how to utilize the talents available in the community, perhaps on an ad hoc basis, to provide advice and direction on specific technology

issues, such as streaming videos of meetings in Town Hall. We expect those recommendations will be forthcoming sometime shortly after Town Meeting.

Fund Balance

Due primarily to the tardiness of the County in providing necessary information to towns in a timely manner, setting the annual tax rate has become a moving target and has resulted in severe depletion of the Fund Balance by year end. The delay in setting the tax rate results in a delay in sending out tax bills so no significant revenue is coming in. The New Hampshire Department of Revenue Administration (NH DRA) recommends a fund balance of between 8% and 17%. For 2014, our fund balance was set at 11.5%. We have recently increased the fund balance to 12.5%. The ABC would like to see that increased over time to 15%. The board consensus was that 15% is too high a target at this time. In addition, we will address the issue with the County, along with other towns, and try to seek assurance from the County Commissioners that going forward, they will provide the required information to the towns in a timelier manner.

Recreation Revolving Fund

The Recreation Revolving Fund (RRF) currently has a balance of approximately \$152,000. The RRF was established in 1994 and amended in 2012 "... to receive all fees and charges imposed for the use of recreation and park services and facilities." According to RSA 35-B:2 "If such a recreation revolving fund is created, the money in the fund shall be allowed to accumulate from year to year, and shall not be considered part of the political subdivision's general surplus." The Selectboard had a discussion on the use of this fund during the budget work session. How rapidly should it be spent down as well as at what level we need to set the "floor" of the fund? The ABC recommends a balance in the fund of \$50,000 and suggested a further reduction of the balance by allocation of time and benefits for hours spent by fulltime staff on programs and trips normally charged to the fund. The Selectmen have not reached a consensus as what that bottom line number will be or how long it should take to get there. We are working to better understand how we can best utilize the fund to the fullest extent that the RSA allows and agree with the ABC that we should work to find other programs and costs that can be supported by this fund and reduce the operating budget. It is still a work in progress and we are also pleased that the fund has been reduced by \$30,000 in 2014.

Recreation Budget

Underspending of department budgets was the topic of discussion at one of the recent budget work sessions. As the ABC highlights in its report, the Recreation department budget is consistently under spent by \$20,000 to \$30,000 annually. The ABC estimates that conservatively, the budget could be reduced by a minimum of \$15,000 with essentially no impact to department operations or programs. For 2015, the Selectmen decided to keep the Recreation operating budget at the same level as submitted by staff. As we work to find more ways to better utilize the Recreation Revolving Fund, we are hopeful that the operating budget will continue to decrease as will the operating surplus.

Single Stream Recycling

While mentioned this budget year as an opportunity for cost savings, it was not discussed at any length. While the Board has taken no official position on this issue, we are certainly open to possibilities of cost savings and improving operational efficiencies. There are many things to consider, not the least of which is the impact to Town employees if the operation were ever to be outsourced.

Human Resource Professional

As the ABC report indicates, between the Town, Library and Schools, there are approximately 210 full time employees and a total of 400 if you include seasonal, part time, coaches, etc. The ABC recommends hiring a Municipal Resource Professional or at a minimum a part time contracted Human Resource professional service.

The Board of Selectmen last year approached the School District about the possibility of sharing a human resource professional. They responded that they are sufficiently staffed and have enough in house expertise to handle these matters. With declining enrollment, they see no need to add an additional position. The Selectboard agrees that we need to investigate how to best provide human resource expertise for the Town. No money has been budgeted for 2015, but we expect it will be discussed as the year progresses.

Health Benefits

The Town was very fortunate this year in that the bidding process and a positive experience rating offered a significant cost savings to the Town of approximately \$50,000. We are in agreement with the ABC position to focus on the employer/employee benefit contribution rates and we expect that there will be some discussions and decisions made this coming year. For 2015, the employee contribution rate was set at 10%. For employees hired after January 1st 2015, the group health insurance employee contribution will be 15%.

Reserves for Potential New Capital Projects

The ABC report recommends that "...the town leaders to come together to endorse a "vision" for the Community and define a timeline and incremental steps for achieving the vision before embarking on a campaign to proceed, in piecemeal fashion, implementation of various capital projects promoted by individual "Petition Warrant Articles." The Selectmen do not disagree. To that end, a vision statement was crafted by the Board of Selectmen after our goal setting retreat this past summer. The vision statement identifies what we would like Moultonborough to accomplish in the short and long term, and will provide the inspiration for our strategic decisions. In addition, the Village Vision Committee, the BRC Feasibility Study and the BRC Site Study were completed within the last year and will further help to bring to resolution some long standing community issues.

To the extent that it is possible, we will continue to try and anticipate the needs of the community and take a proactive approach and plan appropriately, but it is the right of every

citizen to petition a warrant article and the job of the Selectmen to follow the direction of the Legislative body.

Consolidation of Shared Services

We agree that there are additional opportunities for sharing of services across the Town, Library and the School District. In this past year, a Selectmen has been an informal liaison with the Library Trustees and a School Board/Selectmen subcommittee was authorized and has been meeting regularly. More work remains in this area and we will continue to seek areas in all three entities where services can be provided in a more cost effective manner.

Regionalization of Shared Services

As the ABC report indicates, we have had success in a number of areas working cooperatively with neighboring communities. Certainly the intermunicipal agreement to combat milfoil and the regionalized ambulance service are excellent examples. Merging our VNA service into a regional service is another. We recently added full time paramedic coverage to our Stewart's ambulance contract and since the benefit extends to neighboring towns, there has been some discussion of sharing the increased cost. The economic savings with these types of endeavors are substantial and allows towns to provide higher levels of service at significant savings to member towns. One of the prime recommendations of the recently completed UNH Gym Facility Feasibility study was to explore partnership opportunities for indoor recreation use with local communities and organizations. Sandwich has expressed an interest in such a venture. We will be looking at available regional resources that may provide the necessary capacity for current and near future recreational needs.

The sharing of our code enforcement officer with Holderness for one day per week will end as of April 1st 2015. As the economy continues to rebound, we are once again at the point where we need this service available to the community on a full time basis.

A challenge we will face in any regional sharing of services is being a so called "wealthy" community which continually results in essentially a subsidy to less "wealthy" towns. Nearly 25% of the county tax revenue comes from Moultonborough and we do not receive any more service from the county than other towns in Carroll County. The same model is in place with our membership in the Lakes Region Planning Commission. We are actively working with the LRPC to correct their funding formula to a more equitable model. As a Selectboard, we are striving to take a firmer stance on this inequity and will do our utmost to move us out of this disproportionate funding formula where possible, and also improve our share of services to be more in line with our share of cost.

The Future

The ability to anticipate the needs or wants of the community with sufficient lead time to plan for the financial impact is a tricky proposition at best. Our CIPC committee in its 2015-2020 six year program, recommended continuing to build the Capital Reserve Funds to levels that can provide multi-year smoothing of annual appropriations needed for Capital expenses. We are doing that.

As they look toward the future, there is currently a potential for a 71.62% increase over the approved 2014 year Capital Expense and there are still unknowns dependent upon the wishes of the community. It will require ongoing planning and collaboration from all boards such as our planned second annual Selectmen goal setting retreat and convention of committees later this year.

Our best opportunity though to plan more proactively, is to continue to engage the community at large with open and productive dialogue and we plan to continue those conversations in the coming year.

Approved by a vote of the Board on February 19, 2015.